

STATE OF TEXAS §
COUNTIES OF ARANSAS §
SAN PATRICIO AND NUECES §
CITY OF ARANSAS PASS §

On this the 3rd day of April, 2007 the Aransas Pass Municipal Development APMDD convened in a Special Called Meeting being open to the Public at the regular meeting place thereof in the City Hall and notice of said meeting giving the time, place, date and subject hereof having been posted and prescribed by Chapter 551 of the Texas Government Code with the following attendance to wit constituting a quorum.

ARANSAS PASS MUNICIPAL DEVELOPMENT (APMDD)

PRESENT:	DON MCTEE	President
	HOPE COMINGORE	Vice President
	RANDALL FREEZE	Secretary
	MIKE SULLINGER	Treasurer
	HARLAN ROBERTS	Director
	HAROLD HEES	Director
	JIM COVINGTON	Director
	RICHARD HEAD	Director
ABSENT:	RAYMOND STONE	Director
	VICKIE ABREGO	Director
	ED LAPOINTE	Director
CITY STAFF PRESENT:	Ada Owens	City Secretary
	Darren Gurley	Public Works Director
OTHERS PRESENT:	None	

(There may have been others present who did not sign in.)

ITEM 1.

CALL MEETING TO ORDER

President McTee called the Meeting to order at 6:30 P.M. on April 3, 2007. President McTee stated there was a quorum present.

ITEM 2.

CONSIDER AND ACT ON THE REQUEST FROM WKMC ARCHITECTS FOR ADDITIONAL FUNDS FOR THE CIVIC CENTER DESIGN.

President McTee stated he had asked WKMC Architects (WKMC) to incorporate a stage into the civic center design. He stated Treasurer Sullinger then received a letter from WKMC requesting additional funds.

Director Freeze asked is this what WKMC wants the Board to pay (referring to an invoice from WKMC)?

President McTee stated the APMDD had paid WKMC approximately \$57,000.00 to date.

Treasurer Sullinger asked did WKMC include the City's charges in the invoice?

President McTee stated the invoice did not show the City's charges specifically, but did show the preliminary design at 15% and the City Hall fees were \$14,750.00. He stated he assumed the City's charge was in

the invoice but he did not have a detailed invoice breaking it out. The City's part may be in the total that was paid to WKMC.

Director Roberts stated he was in the meeting when WKMC said they needed more money, that the work being asked was outside the scope of work they agreed to. Some entries were items applicable to extra charges, changes that changed the scope of WKMC's work, there were 17 changes on the plan that were redlined. He stated that the only applicable changes were for the stage for the school. He stated he had met with the City Attorney about the contract and the City Attorney felt there was no justification for signing an amendment to the contract for additional compensation.

Director Roberts stated he had called TKO Architects (TKO) who had been in the preliminary bidding for the project and asked TKO if they would take over the project at this point. TKO's proposal to complete the project was a flat fee of \$125,190.00 and no allowances for reimbursable.

Director Roberts stated the City Attorney had said WKMC had breached their contract by refusing work until the letter (stating the Board would agree to the extra charges) sent to the Board was signed. He stated under the contract the Board could give WKMC seven days termination notice and he suggests that the Board terminate WKMC and make a contract with TKO, even with \$60,000.00 the APMDD has paid so far under \$200,000.00 would be retained

Director Hees asked was WKMC charging 6% or 8% of the contract?

Director Roberts stated 8% which was above market.

Discussion regarding TKO's history and qualifications and the design changes followed.

Discussion followed regarding the process of the City Council approving the WKMC contract.

Vice President Comingore asked has the City Attorney looked at the WKMC contract and said the Board could get out of the contract?

Director Roberts stated WKMC had breached the contract by refusing to work until their letter was signed.

Treasurer Sullinger stated WKMC was going to charge hourly then when the design was finished they would charge 8% of the job.

Discussion followed regarding WKMC and the contract with WKMC.

Director Freeze and Director Head recommended the City Council terminate the contract with WKMC.

Director Covington stated it looked like WKMC had terminated the contract.

Secretary Freeze made the motion to write a letter to WKMC terminating the APMDD's contract with them. Director Head seconded the motion and the motion carried unanimously.

Treasurer Sullinger stated he would send the letter to WKMC.

ITEM 3.

CONSIDER AND ACT ON THE RESIGNATION OF ED LAPOINTE.

Director Roberts made the motion to accept the resignation of Director LaPointe. Vice President Comingore seconded the motion and the motion carried unanimously.

ITEM 4.

DISCUSSION ON APMDD FUNDING OF SWIMMING POOL DEFICIT.

Treasurer Sullinger stated it was the opinion of the majority of the Council and himself that it was the original intent that the APMDD money was to build a swimming pool and a community center for the citizens that are being taxed by the ½ cent sales tax and that the citizens only be taxed once, not twice. He stated the Council feels that by building these entities and then making them pay for the maintenance and upkeep of those entities, that the citizens are being taxed twice. The City Council would like the APMDD to reimburse the City for 2005 and 2006 which was approximately \$288,000.00. He stated the Council would also like the APMDD to pay for the future upkeep of the pool and/or the civic center.

Director Roberts asked did the Board have the income and expense records for the last two years?

Treasurer Sullinger stated he had the maintenance expenses for the last two years. He stated the deficient in 2004 was \$167,000.00, in 2005 the deficient was \$118,000.00 and in 2006 the deficient was \$169,000.00.

President McTee asked what were those expenses?

Public Works Director stated the expenses were for lifeguards, personnel, chemicals, heating, concession supplies, everything needed to run the pool.

Discussion was held regarding the income and expenses for the pool.

Secretary Freeze stated to make the project clear, the City voted for a ½ cent sales tax increase to specifically build the pool and civic center?

Treasurer Sullinger stated yes, the ½ cent sales tax on 8,000 people in Aransas Pass to build one money losing project and then build a community center with the same ½ cent on the same 8,000 people which can only produce so much money and then give us another white elephant to take care of on top of the expenses for the other two is going to kill us on taxes. He stated that was taxing people twice, making them pay the maintenance after we give them the pool or community center. The APMDD can give the people a lot of good things, but if the Board is going to make the City pay the maintenance the City cannot pay for paving streets, repairing the infrastructure among other things.

Secretary Freeze asked does the APMDD have to build the civic center with that (½ cent sales tax) money?

Treasurer Sullinger stated no.

President McTee stated the initial vote for the ½ cent sales tax mentioned swimming pool and civic center in 1998.

Secretary Freeze asked would the APMDD have to build the civic center even if they did not want it?

Treasurer Sullinger stated he was not sure, the point he was trying to make was the ½ cent works good on the 8,000 people in the city to build the two projects, but if those 8,000 grow to 16,000 people and the city is still collecting the ½ cent, the APMDD could build another project.

Discussion followed regarding entry fees, pool party fees, operating hours, legal capacity of the pool, closing in the winter months, tying in with other organizations, concession income, weather considerations, lifeguard requirements, management employees, and employee pay.

President McTee asked how has the budget been handled in the past, the deficit paid out of the General Fund?

Mr. Gurley stated yes, he estimated how much money the pool will lose then budgeted for the loss.

President McTee stated he could not find information about pools in the records, but Ms. Keller (former Executive Director) had checked other civic centers as to how they were funded and all the centers were funded from the General Fund, none were funded by their municipal development districts or economic development corporations.

Director Covington asked what other projects did the Board have in mind to build in the City? He stated the money the APMDD has on hand and the projected income, would that suffice to build the community center, fund the community center and fund the swimming pool?

Treasurer Sullinger stated yes and the funds would gain \$200,000.00.

Director Covington asked then what is the argument (to fund the pool) about?

President McTee stated it would cripple the civic center.

Director Hees asked Director Covington did he mean that the funds would come from the APMDD, not out of the City budget?

Director Covington stated yes.

Director Hees stated then he would agree with that.

Director Covington stated he did not believe it would hurt the community center.

Treasurer Sullinger stated the funds would continue to grow once the City starts growing.

Mr. Gurley explained the repairs the pool needed.

President McTee stated the APMDD was paying \$280,000.00 on debt service right now and will have close to \$200,000.00 debt service on the

civic center, that totaled \$480,000.00 and the APMDD's income is approximately \$50,000.00 a month, with \$72,000.00 over the holidays. He stated with interest the APMDD makes approximately \$600,000.00 a year income. When the APMDD spends money for the civic center, the interest earned will decrease greatly.

Treasurer Sullinger stated he applauded the Board for wanting to protect the APMDD's money but it was not just the APMDD's money, it was the taxpayer's money. He stated the projects were built for the citizens to use, why would we want to tax them again? He stated he felt the APMDD should not put a deficit on the taxpayers.

President McTee stated he was afraid it was going to be seen by the public as the City raiding the coffers of the APMDD.

Vice President Comingore stated the APMDD funded the pool for the first year then turned it over to the City, knowing there was a deficit and the City agreed to that.

Treasurer Sullinger stated he could not imagine the City wanting that deficit or agreeing to taking it.

President McTee stated if the APMDD paid all the expenses of the swimming pool, the citizens would see zero reduction in their taxes, the City would spend it somewhere else. The people are not being taxed twice, it was the way the City was utilizing the money.

Treasurer Sullinger stated the people were being taxed twice because the money was coming out of the General Fund to pay what the APMDD should have paid to begin with.

Director Hees stated if the funding to the pool by the City created enough of a deficit, the City may have to raise taxes. That was where the double taxation comes in.

Secretary Freeze stated that was what he was saying, does the APMDD have to build the civic center? If the civic center is a concern with the City maybe the APMDD should not go forward with the civic center. He stated he understood the City took on the swimming pool knowing that it was going to lose money.

President McTee stated maybe the APMDD should pay off the swimming pool.

Secretary Freeze stated like the Shrimporee, another money-losing entity, the pool is necessary, it is part of the City's identity and it cannot go away. He stated he thought the APMDD should hold off on (building) the civic center for right now.

Discussion was held on the APMDD's finances, income and expenses.

Vice President Comingore asked why doesn't the APMDD pay back the debt and forget about the APMDD? She stated she had been hearing people saying the City is taking money from the APMDD for this and that.

Director Roberts stated the money for the pool did not include the debt, the APMDD paid the debt.

Secretary Freeze stated maybe the Board should start acting like a municipal development district and figure out what it is going to take for the City and hold off on the civic center.

Discussion was held regarding the election to form the APMDD and the wording on the ballot for the purpose of the APMDD.

Director Head asked was it the intent of the APMDD to construct and fund the operation of the pool? He stated if the City is running the pool then the City should be responsible for the deficit

Director Hees asked is the Board supposed to be making this decision, doesn't the City Council make the final decision?

President McTee stated the City cannot spend APMDD funds.

Director Roberts stated if the APMDD is going to pay the deficit, which it is allowed to do by Chapter 377, the APMDD should have a supervisory position over the operation of the pool and the civic center so the Board can see the budget and expenses to make decisions for the people in town who pay the taxes that the APMDD represents. The Board cannot just say whatever the deficit is the APMDD will pay it.

Discussion was held regarding schools paying full entry price, life guard requirements for swimmers and safety, and APMDD involvement in operation of the pool, maintenance and repairs on the pool, assessing the operation of the pool by experts and public attendance.

Director Roberts asked could the Board get in depth numbers on the pool, then do a study before the Board does anything else?

Discussion was held regarding prior repairs on the pool.

Director Roberts stated he did not think the City and APMDD needed to be opposed on the finances, they should work together on the pool and civic center projects. If the APMDD was going to pay the deficit the City and APMDD should work together on some type of supervision to protect the tax dollars.

President McTee stated the entire community needs to give the APMDD input as to what they think should happen too.

Secretary Freeze stated the APMDD should look at ways to make the pool profitable, maintenance needs to be done and the pool is due for some changes. He stated he would not be opposed to making changes that would make the pool more profitable.

Discussion was held regarding the marketing of the pool, the activities for patrons, the open times/dates, heating the pool,

Treasurer Sullinger stated the APMDD should have a joint meeting or workshop with the City Council.

Director Covington asked if the APMDD did subsidize the pool, how long would the APMDD have to wait to build a community center? He asked

since the APMDD was not building anything else, what was the problem (with subsidizing the pool)?

Treasurer Sullinger stated he did not think the APMDD would have to wait.

President McTee stated the Board had not said they were not going to build anything else.

Treasurer Sullinger stated it would take three or four years to build up two or three million dollars.

President McTee stated if the funds are not depleted the APMDD could use their money for the initial phases of the civic center then get into the bond money, maybe down to the point of building the parking lot, the furnishings, the final parts and that would add a year which would give the APMDD another \$500,000.00 (in interest to their account). The APMDD would have over \$4M at that time. He stated he had been on the Board two years and they were right where he started.

Treasurer Sullinger stated he would set up a meeting with the APMDD and City Council and bring the financial information Director Roberts requested.

President McTee stated by the time of the meeting the Board will have more information about what the School says about the revised civic center plan.

ITEM 5.

ADJOURNMENT OF MEETING

Vice President Comingore made the motion to adjourn. Director Roberts seconded the motion and the motion carried.

President McTee adjourned the meeting at 7:58 p.m.

ATTEST:

Don McTee, President

Randall Freeze, Secretary